

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 SAJ-01 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 PM-07 DODE-00 PA-04 USIA-15 PRS-01

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R 170901Z APR 74

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC 8612

INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L WARSAW 2108

E.O. 11652: GDS

TAGS: PINT, POL

SUBJECT: PUBLIC REACTION TO JANUARY 19 PRICE RISES

REF: WARSAW 1581

1. WARSAW'S A-122 OF APRIL (SUBJECT: PUBLIC REACTS ANGRILY TO NEW ECONOMIC MOVES) SHOULD ARRIVE IN THE DEPARTMENT TODAY. IT SUPPLEMENTS THE EMBASSY'S QUARTERLY REPORT ON MAJOR POLITICAL AND ECONOMIC TRENDS BY PROVIDING AN ACCOUNT OF PUBLIC REACTION TO THE PRICE-AND-WAGE INCREASES ANNOUNCED ON JANUARY 19, 1974. EUR MAY FIND IT OF USE FOR ITS MONTHLY REPORT.

2. WE CONCLUDE THAT, WHILE THE REGIME SHOULD BE ABLE TO WEATHER THE CURRENT STORM OF POPULAR CRITICISM, IT HAS SUFFERED THE FIRST SIGNIFICANT CRACK IN ITS PUBLIC IMAGE. ON THE BASIS OF SUCH EVIDENCE OF POPULAR REACTION TO THE JANUARY PRICE-AND-WAGE INCREASES AS IS AVAILABLE, WE FIND STRIKING THE GENERALLY NEGATIVE REACTION THAT HAS DEVELOPED, WITH POSSIBLY SERIOUS
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IMPLICATIONS FOR THE REGIME'S ECONOMIC AND POLITICAL

GAME PLAN. WE DO NOT, HOWEVER, PERCEIVE ANY IMMEDIATE THREAT OF INTERNAL INSTABILITY. MANY OBSERVERS HERE BELIEVE THAT, FOLLOWING SOME FUTURE ADJUSTMENTS, THE REGIME'S DOMESTIC ECONOMIC PROGRAM WILL COME TO BE REGARDED AS NECESSARY AND SUCCESSFUL. OTHERS, HOWEVER, DIRECTLY CRITICIZE THE REGIME'S HANDLING OF THE SITUATION, PARTICULARLY WITH REGARD TO THE SENSITIVE QUESTION OF PRICES. ALTHOUGH, WITH ONE EXCEPTION, THE JANUARY 19 PROGRAM HAS NOT RESULTED IN PUBLIC DEMONSTRATIONS, THE DEEP-SEATED CONCERN OF THE GREAT MASS OF POLES--AND PARTICULARLY OF THE SKILLED WORKERS--FOR PRICE STABILITY HAS BEEN INTENSIFIED. COMBINED WITH LATENT WORKER MILITANCY, THIS HEIGHTENED SENSITIVITY COULD COMPLICATE THE REGIME'S PROBLEMS AS IT MANEUVERS THROUGH THE MORASS OF ECONOMIC QUESTIONS WHICH IT WILL CONFRONT DURING THE REST OF 1974.

DAVIES

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